

**South Yorkshire
Probation Trust**



South Yorkshire Probation Trust

**Annual Report and Accounts
2013–2014**

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Vision, Mission and Values

Our mission was to:

Protect the public and make our communities safer by reducing reoffending.

Our Vision was to:

Be the best at reducing reoffending.

Our Values were:

Making a difference –

We believed people could change their behaviours.

Respect –

We believed in the dignity of everyone;

We recognised and respected the difference of all individuals.

Integrity –

We believed that honesty and integrity were essential;

We led by example and were open and accountable at all times.

Professionalism –

We believed in professionalism shown by the dedication, enthusiasm and commitment of our staff;

We recognised that working with others would deliver our mission and vision.

Foreword

Welcome to the South Yorkshire Probation Trust (SYPT) Annual Report and Accounts for 2013–14.

The financial year saw the Trust embed the learning from the quality and benchmarking assessments we had undertaken in recent years. We were delighted to be involved with the North of England Excellence Awards once again. We continued to strive for excellence in our approach to customer service and the work we undertook with stakeholders and service users.

We were a part of the National Offender Management Service and we worked to five statutory aims:

- Protecting the public;
- Enforcing the punishment of offenders;
- Upholding the interests of victims of crime;
- Reducing reoffending; and
- Rehabilitating offenders to lead law-abiding lives

We were responsible for the delivery of reports about offenders to the courts and the supervision of offenders in the community throughout South Yorkshire. We also delivered programmes and interventions to rehabilitate offenders and reduce the chance of them committing crime in the future.

Our staff, and our colleagues in other organisations, who supported our work, were committed to minimising the impact of crime on communities and especially victims who have been affected by serious violent or sexually violent crimes. We were also actively committed to rehabilitate offenders given community sentences and those released from prison; to enforce the conditions of their court orders and release licenses and to take whatever steps in our power to protect the public.

The commitment of our staff together with the robust processes put in place helped us to manage the transfer of services to NPS/SYCRC as part of the changes in Probation called Transforming Rehabilitation. This will enable both organisations to deliver high quality services within South Yorkshire.

This report outlines the progress made by SYPT in relation to the objectives set in our 2013–14 business plan and the resources consumed in delivering this performance, in the form of our annual accounts.

Janice Hannant
Chief Executive, South Yorkshire Probation Trust

12 June 2014

1. Operational and Performance Review 2013–14

2013–14 achievements

Our main contract with the National Offender Management Service (NOMS) was successfully delivered during the year and an excellent relationship maintained with the NOMS contract manager, who recognised the quality of the work undertaken in SYPT, as evidenced by our last inspection and our Probation Trust Rating System (PTRS) results. Alongside this, an enormous amount of effort was focused on delivering the Exit Management requirements of the NOMS contract, as the Secretary of State announced in May 2013 plans to transform community rehabilitation services across the Country. This meant that 2013–14 was the last full year of operation for SYPT and it has been succeeded by two new organisations: The National Probation Service (NPS) and The South Yorkshire Community Rehabilitation Company (SYCRC). All of the services relating to the management of licences and community sentences of high risk offenders were transferred to the National Probation Service and for SYPT these cases (and a number of staff) were transferred to the North East (NE) division. Services relating to the management of licences and community orders of medium and low risk offenders were transferred to the newly formed SYCRC, which is a Companies House registered company. A number of other services reserved to the public sector under the Offender Management Act 2007 were also transferred to the NE NPS, such as advice to the courts, victims' services and Multi-Agency Public Protection Arrangements (MAPPA).

As planned, we maintained and expanded upon the positive relationship with the Police and Crime Commissioner (PCC), and began work on the initiatives covered by the three year, £750k funding he awarded us to cover this year and the next two. This funding was awarded to contribute to the strategic priorities in his Police and Crime Plan. In addition, for the 2014–15 year he awarded the Trust (in conjunction with the two successor organisations (NPS and SYCRC)) a further £250k to assist in mitigating some of the risk introduced by the transition to the new organisational arrangements.

During the year we also commenced the development and delivery of the Personality Disorder services to offenders, which were jointly commissioned by NOMS and the NHS, which was worth £413k over this and the next two years. This has enabled the Trust to access the services of a psychologist in order to develop tailored services for this area of need. This service is set to receive additional investment from the joint commissioners to make it available to more offenders in the 2014–15 financial year.

The Circles of Support and Accountability for sex offenders which began running at the Trust last year won a Guardian Charity Award 2013.

We continued to deliver the new timely and more robust financial reports that commenced in 2012–13 and further strengthened our understanding of the costs involved in providing our services, through the improved production of information for PREview (the Probation Trust standard costing system).

Performance information

Probation Trusts were required by NOMS to collect data to enable the indicators contained in the PTRS to be produced at regular intervals. PTRS was intended to provide Probation Trusts, Contract Managers and the NOMS Agency with a picture of performance built on the general principles of:

- Rounded picture of performance;
- Fair and robust assessment;
- Encourage on-going improvement;
- Timely and accurate;
- Multiple customers;
- Interactive and user friendly product;
- Uses trusted data; and
- Streamlined production.

PROBATION TRUST RATING SYSTEM (PTRS – see annex 1.0)	2013–14			2012–13		
	Target (%)	Actual (%)	Over Target (%)	Target (%)	Actual (%)	Over Target (%)
Public protection	Subject to review			Overall – Green 4		
<i>OM 41 MAPPA Effectiveness:</i>						
– SMB Attendance	75%	100%	25%	75%	NA	NA
– VISOR Form 20 March	90%	100%	10%	90%	NA	NA
– Level 2/3 Attendance	90%	100%	10%	90%	NA	NA
<i>OM26 Oasys QA</i>	90%	96%	6%	90%	91%	1%
<i>OM32 Victim Feedback</i>	90%	100%	10%	90%	100%	10%
<i>OM12 Risk of Harm</i>	NA	NA	NA	72%	74%	2%
Reduce re-offending	Overall – Green 3			Overall – Green 4		
<i>OM21 Reduce Re-offending</i>	-4.20%	-11.83%	-7.63%	-4.20%	-12.7%	-8.5%
<i>INT09 Employment at Termination</i>	32%	38%	6%	36%	40%	4%
<i>OM17 Accommodation at Termination</i>	80%	83%	3%	80%	86%	6%
<i>IPPF20 OM12 Likelihood of Re-offending</i>	NA	NA	NA	80%	NA	NA
<i>IPPF06 OM12 Interventions</i>	NA	NA	NA	72%	73%	1%
Sentence delivery	Overall – Green 3			Overall – Green 4		
<i>OM20 Orders or licences successfully completed</i>	72%	75%	3%	76%	77%	1%
<i>OM29 Offender Feedback</i>	67%	68%	1%	67%	75%	8%
<i>IPPF05 OM12 Assessment and Sentence Planning</i>	NA	NA	NA	72%	75	3%
<i>IPPF OM12 Enforcement and Compliance</i>	NA	NA	NA	80%	NA	NA
PTRS overall assessment	Subject to review			Overall – Green 4		

Workload and Activity Statistics

	2013–14	2012–13
Bail, Court and Victim Work	550	550
Reports		
Fast Delivery Reports	2,725	2,597
Standard Delivery Reports	996	1,187
Oral Reports	1,394	1,597
Offender Management		
Manage the Sentence for a Community Order or Suspended Sentence Order	2,415	2,181
Manage the Sentence Pre Release from Custody	1,876	2,253
Manage the Sentence Post Release from Custody	1,409	1,145
Deliver Supervision on Licence	1,409	1,145
Interventions		
Deliver Unpaid Work Requirement	232,637	244,230
Rehabilitation Services – Deliver the Activity Requirement	685	663
Delivery of Drug Rehabilitation Requirement (DRR)	292	200
Delivery of Mental Health Treatment Requirement	29	17
Delivery of Alcohol Treatment Requirement	235	208
OM Support Accredited Programme Delivery	316	312
Delivery of Accredited Programmes	316	312
Approved Premises	3	3

Plans for the Future

The Trust as an organisation ceased to operate on 31 May 2014, but the work of the Trust transferred to successor organisations, as set out in the next section under “Going Concern”. 2014–15 represents the early stages of these new organisations and the main thrust of the work is to fully establish these organisations and most importantly, the interface between them.

Risks

We identified the following key risks for the immediate future, which were mainly related to the Trust's obligations under the Contract Exit Management requirements:

- Potential loss of Key staff;
- Caseload and Operations;
- Transfer of IT;
- Impact of inter-dependence of organisational structure on ICT work stream;
- Potential financial loss to the Trust as a result of legal proceedings;
- Potential lack of clarity and timely information on what financial tasks are required;
- Establishment of new banking arrangements for the commencement of the CRC;
- Transfer of accurate data to NPS shared services;
- Provision of suitable accommodation;
- Implementation of the new finance system;
- Appropriate contracts and governance structures established.

Some of these risks are outside the control of the Trust but we continue to seek to influence those through our relationship with NOMS and MoJ. We have a strong risk management system in place to manage and mitigate the impact of other key risks.

Janice Hannant
Chief Executive Officer
12 June 2014

2. Management Commentary

Statutory background

The Probation Trusts were established under the Offender Management Act 2007 (OM Act). Each Trust was a corporate body under the OM Act and a Non-Departmental Public Body (NDPB) which reported to the National Offender Management Service (NOMS). This Trust came into existence on 1 April 2010 (following transition from South Yorkshire Probation Board which was established in 2001).

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FRM) issued by HM Treasury (HMT) and in accordance with the accounts direction issued, on page 49, by the Secretary of State under the OM Act.

Principal activities

Court Work

South Yorkshire Probation Trust (SYPT) was one of the major providers of services to magistrates and Crown Courts in the county.

We worked with offenders before and after their sentence had been passed.

Every court in South Yorkshire had its own team of resident probation staff, who provided a range of services both for the offenders and for the magistrates or judges who sentenced them.

Our role was to:

- Assist the courts' decisions in relation to remand and sentencing options by producing timely, verified assessments and reports;
- Provide a range of community orders for consideration alongside prison-based and other community sentencing options; and
- Ensure the rigorous enforcement of community orders in accordance with National Standards.

In the Community

SYPT managed all offenders given community orders to ensure that the sentence was completed. If an offender did not complete the requirements given to them, they could be sent back to court.

Every offender sentenced to 12 months or more in prison was required to be supervised in the community for a proportion of their sentence. Probation staff worked closely with prisons to help offenders prepare for release. Probation staff also supervised prisoners who had been released on a life licence.

The Probation Service used interventions to address offending behaviour. Interventions took three main forms:

- Punishment (Unpaid Work (UPW), attendance centre and curfew orders);
- Rehabilitation (training programmes); and
- Public Protection (electric monitoring, approved premises and programmes for sex offenders and high risk offenders).

In Prisons

SYPT had staff seconded to the following prisons:

- HMP Doncaster;
- HMP Lindholme;
- HMP Moorland Open (Young Offender Institution (YOI)); and
- HMP Moorland Closed.

Probation staff wrote reports for the Parole Board providing a risk assessment around safe release. During a remand in custody outside probation staff wrote a report advising the court of appropriate sentences.

Public Protection – Multi-Agency Public Protection Arrangements (MAPPA)

This is a set of arrangements established by probation, police and the prison service (collectively known as the Responsible Authority) to assess and manage the risk posed by sexual and violent offenders.

Other agencies that co-operate in MAPPA include Youth Justice Service (YJS) , JobCentre Plus, local education authorities, local housing authorities, registered social landlords, social services, strategic health authorities, care trusts and NHS trusts, and electronic monitoring providers.

The principles that govern MAPPA are:

- Identify those who may pose a risk of harm;
- Share relevant information about them;
- Assess the nature and extent of that risk; and
- Find ways to manage that risk effectively, protecting victims and reducing further harm.

The arrangements operate across England and Wales and allow agencies to review the risk posed by offenders and the actions taken to manage them. Central to all risk management is the need to consider the protection of previous and possible future victims.

Operational Performance during 2013–14

An analysis of performance outcomes is summarised in the Annual Report on pages 4 to 6.

Results for the year

The Statement of Comprehensive Net Expenditure (SoCNE) for the year is shown on page 24. The Statement of Changes in Taxpayers' Equity is shown on page 27.

Operating costs

The net operating cost before tax for 2013–14 stands at £1,930k compared to £840k for 2012–13 restated to reflect IAS19. The reason for the increase is due to changes in pension costs as assessed by the Actuary.

Statement of Financial Position and Statement of Cash Flows

The Statement of Financial Position and Statement of Cash Flows are on pages 25 and 26.

The net liabilities position has decreased from £32.3m at March 2013 to £29.8m at March 2014. The largest single movement in net liabilities is £2.7m due to a decrease in the pension liability.

Payment of creditors

In the year to 31 March 2014, the Trust paid 3,660 trade invoices with a value of £5,061,016. The percentage of undisputed invoices paid within 30 days by the Trust was 98.96% compared to 99.4% in 2012–13.

Treatment of Pension Liabilities

Past and present employees of the Trust were covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme, and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

On 1 June 2014 the Trust's existing pension liabilities and corresponding assets transferred to the Greater Manchester Pension Fund (GMPF).

The Trust is no longer required to pay employer contributions to the fund.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS transferred with the employee to the new employer the Community Rehabilitation Company (CRC) or the National Probation Service (NPS). The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transferred to the CRC.

The Secretary of State for Justice has provided a guarantee to the GMPF in respect of the CRCs' participation in the GMPF for pension liabilities that transfer to the CRCs.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS transferred to the NPS under the Secretary of State for Justice.

Further information can be found in **Note 4** to the Accounts.

Sickness absence data

The average levels of absence due to staff sickness were 9.30 days across the Trust (2012–13 9.35 days).

Personal data related incidents

There were no significant personal data related incidents in 2012–13, which were formally reported to the Information Commissioner's Office (ICO).

All staff undertook a compulsory Information Assurance training course when joining the Trust and an annual refresher course.

Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Certificate of the Comptroller and Auditor General.

As at the date of the Audit Certificate, the following reportable events had occurred.

The Probation Trust ceased trading on 31 May 2014. The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector bodies. The assets and liabilities of the Trust have been split on a practical basis that reflects the future use of assets, services provided and the allocation of employees. Refer to **Note 27** of the Accounts for further details.

The proportion of staff transferring to the CRC/NPS is approximately 49:51.

Sustainable development

The Trust fell within the scope of reporting under the Greening Government commitment. As such we have produced a separate sustainability report showing performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources and their related expenditure. The Sustainability Report is shown on pages 51 to 55.

Future developments

The work of the Trust drew to a close on 31 May 2014 and is continued by the successor bodies outlined in the "Going Concern" section.

Going Concern

In March 2012 the Secretary of State announced the start of consultation exercises on the future of probation services in England and Wales and on planned reforms to community sentences. The results of these consultations, that ended on 13 February 2013, were published in “Transforming Rehabilitation: A strategy for Reform”, on 9 May 2013 by the Secretary of State for Justice. This outlined plans to contract out probation services more widely and increase the use of Payment by Results.

As part of the transformation all Probation Trusts ceased trading from 1 June 2014. A Statutory Instrument to dissolve the Probation Trust, under section 5(1) (c) of the Offender Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

On 1 June 2014, a National Probation Service (NPS) was created to protect the public from the most dangerous offenders and manage the provision of probation services across England and Wales. The NPS remains part of the public sector.

The remaining services are divided into 21 contract areas, which align closely with local authorities and Police and Crime Commissioner Areas. They are served by 21 new Community Rehabilitation Companies (CRCs). They are fully owned by the Secretary of State for Justice on behalf of the Ministry of Justice (MoJ).

On 1 June 2014 a Transfer Order effected the transfer of the existing assets, liabilities and staff of the Trust to the NPS and CRC public sector bodies in a practical way that reflects the services that each provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

MoJ/NOMS has committed to fund and ensure all current services will continue under the new structure, including the CRC in private ownership, using the same assets and resources, for the foreseeable future.

A tender process is currently under way with a successful bidder(s) to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will mandate the operations of the CRCs ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

As the functions previously provided by the Trust will continue to be provided by public sector entities and commissioned by the public sector when the CRC is in private ownership, the Accountable Officer with the support of senior management has concluded therefore that within the context of the Financial Reporting Manual (FRM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

Communications and employee involvement

There was a well developed system of communication throughout the Trust. Our Business Planning process was fully inclusive, commencing with the involvement of all teams, Staff Support Groups and Unions around August and flowing up into the production process of the Business Plan. The Business Plan then passed back down the organisation into the formulation of Unit Delivery Plans and Team Plans and ultimately Individual Personal Performance and Development objectives.

There was a system of Bulletins and Briefing Notes that were used to communicate the Transforming Rehabilitation Programme and key developments to all staff as and when they occurred and an anonymous Question and Answer mailbox where questions could be posed directly to the Chief Executive Officer. During the year there was a Staff Conference and there was an already recognised and well embedded Trade Union negotiating machinery operating at the Trust.

Staff diversity

- SYPT had a history of responding to the diverse needs of employees and stakeholders. Our aim was to go beyond legislative compliance in order to deliver best practice in relation to creating a culture of mutual respect and fairness to all. The following mix of external accreditations and internal governance structures demonstrated our firm commitment to considering the needs of all employees of the Trust;
- We had been the recipient of the Disability Two Tick accreditation for over four years;
- We had been accredited as a Mindful Employer since April 2010;
- We achieved Investors in Diversity Level 1 in October 2011 and Level 2 in May 2012;
- We had a County Diversity Action Group, which was chaired by the Chief Executive and attended by representatives from Local Diversity Action Groups and a Board Member; and
- We provided resources to support self managed employee support groups and we had a standing agreement with the Staff Side to facilitate individual attendance at these groups at 6 half days per year, should employees wish to.

The following were the key characteristics of our workforce (as last surveyed in April 2013):

Gender

- 74% Female; and
- 26% Male.

Ethnicity

- 90% White;
- 7% Other Ethnicities; and
- 3% chose not to specify.

Disability

- 19% of the workforce categorised themselves as disabled.

Age

- 2% aged 20 to 25 years;
- 22% aged 26 to 35 years;
- 23% aged 36 to 45 years;
- 32% aged 46 to 55 years;
- 13% aged 56 to 60 years; and
- 8% aged over 60 years.

Religion

- 41% Christian;
- 4% Other faiths;
- 18% No religion; and
- 37% No data.

Sexual Orientation

- 54% Heterosexual;
- 2% Lesbian, Gay and Bisexual; and
- 44% Refused/No data.

Audit

In accordance with the direction given by the Secretary of State, these accounts have been prepared in accordance with the FReM. The Comptroller and Auditor General is appointed by statute to audit the Trust and reports on the truth and fairness of the annual financial statements and the regularity of income and expenditure. The Audit Certificate of the Comptroller and Auditor General is attached to the Accounts on page 22.

Total audit fees reported in the Accounts are £46k. The audit fees for 2013–14 are made up of:

- Internal audit £19k and
- External Audit £27k

As Accountable officer, I have taken all steps to ensure that:

- I am aware of any relevant audit information;
- the Auditor is aware of that information; and
- there is no relevant audit information of which the Auditor is unaware.

The South Yorkshire Probation Trust Management Board

The governance arrangements within the Trust for the period April 2013 to March 2014 are spelled out in detail in the Governance Statement on pages 17 to 21.

The Chair and other members of the Board were all appointed by the Secretary of State.

Details of the remuneration of the Management Board are set out in the Remuneration Report on pages 13 to 15.

Membership of the Board is set out in the table below:

Position	Name	Appointment changes in financial year
Chief Executive	Lynda Marginson	Appointed 1st April 2013 Resigned 31st March 2014
Chief Executive	Janice Hannant	Appointed 1 st April 2014
Chair	Mervyn Thomas	
Non-Executive – Chair of Audit Committee	Ken Wyatt	
Non-Executive	David Whitham	
Non-Executive	Christina Heaton	
Non-Executive	Ross Bannerjee	

* At the end of the financial year the current Chief Executive resigned from the Trust. The Secretary of State approved the appointment of the new Chief Executive (Janice Hannant) with effect from 1 April 2014.

My thanks and appreciation is extended to all past and present members of the Board for their hard work and effort during this reporting year.

Janice Hannant
Accountable officer
 12 June 2014

3. Remuneration Report

Appointments

The Chair, the Chief Executive, and other members of the Trust Board were all appointed by the Secretary of State.

The salary and pension entitlements of the senior managers and non-executive directors of the South Yorkshire Probation Trust were as follows:

A) REMUNERATION – AUDITED

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Officials	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (£000)		Total (£000)	
	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13	2013–14	2012–13
Chief Executive – Lynda Marginson	70–75 (Actual)	-	5–10	-	None	-	65–70	-	145–150	-
Chief Executive – Roz Brown	70–75 (wte)	70–75 (Actual)	-	0–5	-	None	-	N/A*	-	75–80 (Actual)
Chair – Mervyn Thomas	20–25	15–20	None	None	None	None	None	None	20–25	15–20
Non-Executive – Ken Wyatt	0–5	0–5	None	None	None	None	None	None	0–5	0–5
Non-Executive – David Whitham	0–5	0–5	None	None	None	None	None	None	0–5	0–5
Non-Executive – Christina Heaton	0–5	0–5	None	None	None	None	None	None	0–5	0–5
Non-Executive – Ross Bannerjee	0–5	0–5	None	None	None	None	None	None	0–5	0–5

* 2012–13 value unavailable and therefore undisclosed.

All appointed Trust Board members received non-pensionable remuneration of £15.40 per hour from 1 April 2004, with the exception of the Chief Executive and the Chair. The Trust at its discretion could pay a travelling allowance and any other relevant expenses incurred.

The total remuneration of the highest paid Director and the median total remuneration for other staff are shown in the table below.

	Total Full-time Equivalent Remuneration	
	2013–14	2012–13
Highest paid Director (pay band) – £000	£80–£85	£90–95
Median for other staff	£27,373	£27,102
Pay multiple ratio	3:1	3.4:1

The median remuneration is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid Director. The pay multiple ratio is ratio between the total remuneration of the highest paid Director and the median for other staff.

Salary

'Salary' includes the gross salary, overtime and arrears.

Benefits in kind

The monetary value of benefits in kind covered any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The benefits received were in respect of costs for accommodation, travel and the pecuniary liability in respect of tax paid under the employer PAYE settlement agreement with HM Revenue and Customs.

Bonus

Consideration was given each year to payment of an award based on individual performance. Any such award shall relate to the Chief Executive's individual performance in achieving objectives set at the beginning of each year by the Trust Chair as part of longer term planning. All performance related payments are pensionable.

B) PENSION BENEFITS – AUDITED

	Total accrued pension at pension age as at 31 March 2014 and related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase/ (decrease) in CETV after adjustment for inflation and changes in market investment factors
	£000s	£000s	£000s	£000s	£000s
Lynda Marginson	65–70	5–10	320–325	260–265	45–50

This scheme provides benefits on a 'final salary' basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay of every year of total membership is payable on retirement. The scheme permits employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 7.5% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the Civil Service Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses current market valuation factors for the start and end of the period.

Janice Hannant
Accountable Officer

12 June 2014

4. Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1)(b) of the Offender Management Act 2007, the Secretary of State has directed South Yorkshire Probation Trust to prepare for each financial year, a statement of accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The Secretary of State has appointed the Chief Executive as the Accountable Officer of the Trust. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Trust's assets, are set out in Managing Public Money published by HM Treasury.

5. Governance Statement

Introduction

As Accountable Officer and Chief Executive of the Trust I have personal responsibility for this Governance Statement, which is designed to outline how I have discharged my responsibility to manage and control the Trust's resources during the course of the year. The year in question is slightly unusual in that there was a change of Chief Executive/Accountable Officer on 1st April 2014 and so in signing this statement, it falls to me to demonstrate how I have assured myself that it is a true reflection of the Trust's governance activities during the year, as overseen by my predecessor. This task is made easier in the fact that prior to my current appointment, I was the Director of Probation – Sheffield with the Trust and have therefore personally witnessed, and in fact, led on many of the assertions in this statement. In addition, I received a handover from my predecessor on the Accountable Officer role and a written signed declaration which supports this Governance Statement.

This statement aims to give a clear understanding of the dynamics of the Organisation and its control structure, recording the stewardship of the Trust, providing a sense of how vulnerable the Trust's performance is or might be; and of how successfully the Trust has coped with the challenges it faced.

Governance Framework

SYPT was a statutory body which came into existence on 1st April 2010 under the Offender Management Act 2007 and was a "body corporate", which meant it had specified powers to act in its own name. NOMS is accountable to Parliament for the provision of probation services in England and Wales and SYPT discharged these responsibilities under contract to NOMS. Under the terms of this contract and by means of a side letter (the letter of delegated financial authority) I, as the Accountable Officer, have defined financial responsibilities delegated to me personally. Additionally, the Trust was obliged by the NOMS contract to comply with the Treasury Publication "Managing Public Money", which sets out in some detail the standards expected of public officials in the stewardship and governance of public funds.

The Chair of the Probation Trust was appointed by the Secretary of State and he was assisted by four other Non-Executive Directors (NEDs), who together with myself, operated as a Board. The role of the Board was both advisory (in the sense that it provided advice to the Trust on issues within their remit, such as strategy) and supervisory (in the sense that it scrutinised the Trust's reporting on performance and challenged the Trust on how well it was achieving its objectives).

The Board delegated responsibility throughout the management structure of the Trust by means of the Standing Orders, Scheme of Delegation, and Standing Financial Instructions (SFIs). These documents were framed within the limits of authority passed down to me, as Accountable Officer in the Letter of delegated financial authority and were reviewed and revised at least once per year, but also every time there was a significant change within the organisation or environment which necessitated this.

During the year the Trust Board met on a monthly basis to consider progress against the Trust's Strategic and Business plans (including the operational and financial performance of the Trust). The priority objectives and targets for the Trust and the resources available to achieve these were identified by the Board in the annual Business Plan, which derived from the Trust's three year Strategic Plan. The Board was attended by Non Executive and Executive Directors and had a clear terms of reference set out within Standing Orders and the Scheme of Delegation. There were 12 meetings of the Board during the year and all were quorate with attendance as follows:

Board Meeting Date	Mervyn Thomas	Lynda Marginson	Ken Wyatt	Christina Heaton	Dave Whitham	Ross Bannerjee
11/4/2013	✓	✓	✓	✓	✓	✓
9/5/2013	✓	✓	✓	✓	✓	✓
13/6/2013	✓	✓	✓	✓	✓	✓
11/7/13	✓	✓	✓	✓	✓	✓
8/8/2013	✓	✓	✓	✓	✓	✓
12/9/2013	✓	✓	✓	✓	✓	✓
10/10/2013	✓	✓	✓	✓	✓	✓
14/11/2013	✓	✓	✓	✓	✓	✓
12/12/2013	✓	✓	✓	✓	✓	✓
9/1/2014	✓	✓	✓	✓	✓	✓
13/2/2014	✓	✓	✓	✓	✓	✓
13/3/2014	✓	✓	✓	✓	✓	✓

One of the early items on each Board agenda was the declaration of interests and any member declaring such an interest relating to a specific item on the agenda was asked to leave the meeting for consideration of that item. More general and wider reaching conflicts of interest that come into being during the course of a year were required to be declared and placed on a register of interests (an annual reminder letter was sent out to all members during the year and no interests were declared). Where fundamental conflicts were identified through this process, plans would be put in place to address the conflict, which in the extreme could result in termination of office. Declarations of interests made during the course of 2013–14 were not deemed significant enough to warrant special arrangements being put in place and were therefore dealt with on an agenda item basis, as explained above.

The Board had an established Audit Committee with clear terms of reference. It was an advisory body with no executive powers and any actions recommended were subject to the approval of the full Board. It acted on behalf of the Board during the year in carrying out the detailed scrutiny of the Trust’s accounts, audit plans, audit reports, internal control arrangements, business risk arrangements, accounting policies and statements. The Chief Executive, Board Secretary, Director of Finance and the Board’s Internal and External Auditors normally attended all meetings, which met on a quarterly basis with an additional meeting to complete the Annual Audit Committee Self Assessment.

This annual self assessment review identified that good practice principles were followed with regard to the roles of the Committee, the Chair together with corporate support. One area that the Committee suggested scope for further work was embedding corporate governance in the culture of the Organisation so being more than a reporting requirement. This theme will be considered as part of the governance arrangements of the Community Rehabilitation Company (CRC) and National Probation Service (NPS) from June onwards.

There were four meetings of the Audit Committee (plus an additional meeting to carry out the self-assessment) all of which were quorate:

Audit Committee Meeting Date	Ken Wyatt	Ross Bannerjee	Christina Heaton	Dave Whitham
13/6/2013	✓	✓	✓	✓
27/6/2013	✓	✓	✓	✓
2/10/2013	✓	✓	✓	✓
4/12/2013	✓	✓	✓	✓
24/1/2014	✓	✓	✓	✓
Self-assessment	✓	✓	✓	✓

The Audit Committee received all reports undertaken by Internal Audit, and closely monitored the achievement of any recommendations remaining outstanding during the course of the year.

Transforming Rehabilitation Board

This was set up in October 2013 to oversee the work required by the Trust in managing the exit and transition issues resulting from the implementation of Transforming Rehabilitation. The Board met regularly during the year, was chaired by the Trust Chair, included the Chief Executive, Transition Manager and Union representatives together with workstream leads covering Transition and Engagement, Caseload and Operations, People, ICT, Estates, Commissioning and Sub Contracts, Finance and Pensions, Property Transfers and Governance and Corporate Services.

The main areas of work undertaken were to:

- Collate information about the Trust's assets and resources;
- Oversee the process of allocating staff to either the NPS or the CRC;
- Ensure the appropriate transfer of cases to both of these Organisations;
- Provide information on progress to the Trust Board and to the National Offender Management Service; and
- Identify risks, including mitigating actions that needed to be included on the Trust's overall risk register.

This Board will continue to meet until at least August 2014 to ensure that all issues have been dealt with.

Compliance with the Corporate Governance Code

The Trust complied with the key principles of the Code including the following areas:

Nominations and Governance Committee

The Code states that Boards should have such a committee, the function of which is to ensure there are satisfactory systems for identifying and developing leadership and high potential, scrutinising the incentive structure and succession planning for the board and senior leadership, as well as scrutinising governance arrangements. As the Code was written primarily for Government Departments, much larger in size than the Trust, these functions were discharged by the main Board, in common with many other Probations Trusts. The Board considered that this delivered the spirit of the code whilst also discharging its responsibilities for achieving value for money from the public purse.

Board Composition

The Code states that Boards should have at least four non-executive board members (NEBMs), the majority of whom should be senior people from the commercial private sector, with experience of managing complex organisations. The Trust's NEBMs numbered five, with three coming from a public sector background and two from the commercial sector.

The Code also states that the Board should include a mix and balance of skills and understanding to match and complement the Trust's business and its strategic aims and specifically states that it "should include corporate services professional skills, including finance". In 2013–14 the Trust's Non Executives had these skills and experience and were supported by the Director of Finance and Treasurer who had a formal finance qualification.

Independent input to the annual board effectiveness review

The code states that there should be independent input to this every three years. This would have been due during the year, but because of the transition to new organisational arrangements (which included new arrangements for the Audit Committee) external input was deferred.

Composition of Audit Committee

The code states that "At least one, but preferably more, of these committee members should have recent and relevant financial experience." In common with the Board the Audit Committee members had these skills and experience and were also supported by the Director of Finance and Treasurer who had a formal finance qualification.

Risk Assessment

Prior to the beginning of the year, as a part of the business planning process, the risks facing the Trust were identified and assessed and each risk was then allocated to a Senior Leadership Group member and managed through an electronic follow-up and reporting system known as 4Risk.

The Trust’s structure of accountability and responsibilities in business risk management was:

Board

- Considered the external environment and identified any new risks to the delivery of the business plan or whether an existing risk should be elevated or downgraded; and
- Received reports from the Audit Committee regarding any significant changes in previously identified risks

Audit Committee

- Had an assurance role and held the Executive to account for managing the corporate risks; and
- Reviewed the risk register at each of its meetings during the year.

Senior Leadership Group

- Identified the corporate business risks in line with the business plan objectives; and
- On a quarterly basis, reviewed the corporate risks, to ensure that actions were completed in a timely fashion

Internal Audit was a key feature of our risk assurance processes and the delivery plan for 2013–14 was influenced by the risk register, with audits being undertaken on those areas considered to present the greatest risk to the Trust. All audit opinions during 2013–14 suggested that there was a sound approach to internal control, and where concerns were raised, prompt action was taken.

The last Internal Audit report on the subject concluded that business risk management in SYPT was well controlled and gave a green rating.

Also during the year, in-house Continuous Improvement Audits of individual offender records were co-ordinated by the Trust Quality Management Group (TQMG) and delivered by Senior Probation staff against the standards set by Her Majesty’s Inspectors of Probation. These audits facilitated learning by Offender Managers to improve quality, as well as providing assurance to the Board. The success of this strategy was demonstrated during 2012–13 through our Offender Management Inspection (OMI) undertaken by Her Majesty’s Inspectors of Probation as part of their three year rolling inspection programme. SYPT achieved the following scores as compared to the national average:

	Risk of Harm	Likelihood of Reoffending	Enforcement and Compliance
South Yorkshire	81%	82%	84%
England and Wales	75%	74%	79%

Some offenders would inevitably reoffend, although our work aimed to minimise Serious Further Offences (SFOs). The numbers and content of both were monitored, reviewed and reported routinely to the Board in order to highlight weaknesses and disseminate learning. Nothing of a fundamental nature emerged from the review of complaints this year and practice improvements from SFOs is well embedded and evidenced by NOMS reports, as is the quality of our reviews and the above average sufficiency of our risk assessment and management and our offender management currently averaging at about 80%.

During the year the Trust was compliant with the suite of physical environment and information security policies published by NOMS and continued to be accredited to operate its information systems to Government Secure Intranet (GSI) standards. During 2013–14 we reported 12 incidents to the NOMS Information Assurance Team where information security was compromised. All incidents were assessed

by the SYPT Information Security Committee (ISC), chaired by the Head of Information, Performance and Quality and whose membership was drawn from various operational and support disciplines across the Trust. The Committee ensured that effective steps were put in place to prevent data loss in the future and that information security process were sound. The ISC reported to the Executive and through it to the Trust Board. There were no incidents during the year which required reporting to the Information Commissioner's Office.

Audit Opinion

The Trust received satisfactory assurance of the effectiveness of the whole of the control environment for South Yorkshire from Internal Audit. The overall opinion from Internal Audit on the adequacy and effectiveness of the system of governance, risk management and internal control, based on their work during the year, is that they were able to give reasonable assurance that the Trust's overall framework was adequate and that key risks were being managed effectively.

The Trust has been given an unqualified opinion by the External Auditor on the financial statements for 2013–14.

I have responsibility, as the Accountable Officer, for maintaining a sound system of internal control that supports the achievement of South Yorkshire Probation Trust's policies, aims and objectives, whilst safeguarding public funds and Ministry of Justice assets for which I am personally responsible, in accordance with those assigned to me in the Statement of Accounting Officer's responsibilities and the Accounts Direction both of which form part of this Annual Report.

I am satisfied that the Trust's approach to governance and internal control for 2013–14, as set out in this statement, was robust. It provides the Board and I with the appropriate level of assurance and this has been confirmed through the work of the Audit Committee during the year.

Janice Hannant
Accountable Officer

12 June 2014

6. The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of South Yorkshire Probation Trust for the year ended 31 March 2014 under the Offender Management Act 2007. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Offender Management Act 2007. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of South Yorkshire Probation Trust's affairs as at 31 March 2014 and of the net operating cost after taxation for the year then ended; and
- the financial statements have been properly prepared in accordance with the Offender Management Act 2007 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Offender Management Act 2007; and
- the information given in the Operational and Performance Review and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

Without qualifying my opinion, I draw attention to the disclosures in note 1.4 to the financial statements regarding going concern. The Trust closed on 31 May 2014 with its functions, assets and liabilities being transferred to new public sector entities. In accordance with the Government Financial Reporting Manual the financial statements have been prepared on a going concern basis.

Sir Amyas C E Morse
Comptroller and Auditor General

30 June 2014

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

7. Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2014

		2013–14	2012–13
	Notes	£000	Restated £000
Expenditure			
Staff costs	3(a)	18,689	18,083
Other expenditures	6	5,549	5,473
Total Expenditure		24,238	23,556
Income	7	(23,582)	(23,870)
Net operating costs		656	(314)
Net interest cost on pension scheme	4(c)	1,274	1,154
Net operating costs before taxation		1,930	840
Taxation	5	233	30
Net operating costs after taxation		2,163	870

Other Comprehensive Expenditure

		2013–14	2012–13
	Notes	£000	Restated £000
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of property, plant and equipment	8	(3)	(3)
Pension actuarial (gain)/loss	23	(4,637)	5,662
Total comprehensive expenditure for 31 March 2014		(2,477)	6,529

The notes on pages 28 to 48 form part of these accounts.

Statement of Financial Position

As at 31 March 2014

	Notes	2013–14 £000	2012–13 £000
Non-current assets			
Property plant and equipment	8	17	37
Intangible assets	9	3	6
Trade and other receivables	12(a)	2	13
Total non-current assets		22	56
Current assets			
Trade and other receivables	12(a)	940	2,352
Cash and cash equivalents	13	289	113
Total current assets		1,229	2,465
Total assets		1,251	2,521
Current liabilities			
Trade and other payables	14(a)	(1,074)	(1,819)
Taxation payables	14(a)	(1,089)	(1,407)
Total current liabilities		(2,163)	(3,226)
Non-current assets plus/less net current assets/(liabilities)		(912)	(705)
Non-current liabilities			
Pension liability	4(c)	(28,924)	(31,608)
Total non-current liabilities		(28,924)	(31,608)
Assets less liabilities		(29,836)	(32,313)
Taxpayers' equity			
General fund	23	(29,870)	(32,344)
Revaluation reserve – property, plant and equipment	24(a)	34	31
		(29,836)	(32,313)

The financial statements on pages 24 to 27 were approved by the Board on 12 June 2014 and were signed on its behalf by

..... Accountable Officer

12 June 2014

The notes on pages 28 to 48 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2014

		2013–14	2012–13 Restated
	Notes	£000	£000
Cash flows from operating activities			
Net operating costs	23	(2,163)	(870)
Adjustments for non-cash transactions	6	26	39
Adjustments for pension cost	4(c)	1,953	951
(Increase)/decrease in receivables	12(a)	1,423	(1,831)
Increase/(decrease) in payables	14(a)	(1,063)	1,714
Net cash outflow from operating activities		176	3
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	8	0	4
Net cash outflow from investing activities		0	4
Net increase in cash and cash equivalents in the period			
		176	7
Cash and cash equivalents at the beginning of the period	13	113	106
Cash and cash equivalents at the end of the period	13	289	113
Increase in cash		176	7

The notes on pages 28 to 48 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2014

		General Fund £000	Revaluation Reserve £000	Total £000
	Notes			
Balance as at 1 April 2012		(25,812)	28	(25,784)
Changes in taxpayers' equity for 2012–13				
Net operating cost after taxation	SocNE	(870)	0	(870)
Net gain on revaluation of property, plant and equipment	24(a)	0	3	3
Remeasurement of post employment benefits	23	(5,662)	0	(5,662)
Balance as at 31 March 2013		(32,344)	31	(32,313)
Changes in taxpayers' equity for 2013–14				
Net operating cost after taxation	SocNE	(2,163)	0	(2,163)
Net gain on revaluation of property, plant and equipment	24(a)	0	3	3
Remeasurement of post employment benefits	23	4,637	0	4,637
Balance as at 31 March 2014		(29,870)	34	(29,836)

The notes on pages 28 to 48 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with the 2013–14 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM follow International Financial Reporting Standards (IFRS) as at the reporting date to the extent that it is meaningful and appropriate to the public sector.

Where the FRoM permits a choice of accounting policy, the policy which has been judged to be the most appropriate to the particular circumstances of the Probation Trust for the purpose of giving a true and fair view has been selected. The Probation Trust's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The Trust has not adopted any Standards or Interpretations in advance of the required implementation dates. It is not expected that adoption of Standards or Interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

The functional and presentation currency of the Trust is the British pound sterling (£).

1.2 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention and modified to account for the revaluation of non-current assets.

1.3 Changes in accounting policies and restatement of comparatives

New and amended standards adopted
IAS 1 'Presentation of Financial Statements – Other Comprehensive Income' (effective for accounting periods beginning on or after 1 July 2012).

The impact on the Trust is that items presented in Other Comprehensive Expenditure will be grouped on the basis of whether they may subsequently be reclassified to net operating costs.

IAS 19 'Employee Benefits' was revised in June 2011 (effective for accounting periods beginning on or after 1 January 2013).

The changes have been made retrospectively in line with the transitional provisions of IAS 19 (revised 2011) and in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.

Those that impact on the Trust are:

- interest cost and expected return on plan assets are replaced with 'net interest', which is calculated by applying the same discount rate to the net defined benefit liability/(asset); and
- amended disclosures including the presentation of defined benefit costs, plan assets and reconciliation of net pension liability/(asset) as presented in **Note 4**.

The changes to IAS 19 apply retrospectively, giving rise to a prior period adjustment to net operating costs and other comprehensive expenditure. Net pension assets and liabilities are unchanged. The effect of the prior period adjustment on each line in the primary statements is set out in **Note 28**.

1.4 Going concern

The Statement of Financial Position at 31 March 2014 shows negative Taxpayers' Equity, which largely reflects the accumulated movement of the pension liability falling due in future years. MoJ/NOMS has committed to funding the pension liabilities transferred to the CRCs, relating to past service, and the future financing of all other liabilities in the NPS and CRCs falling due past 31 March 2014.

On 1 June 2014, the Trust ceased trading.

On this date the operations of the Trust transferred to the Secretary of State for Justice on behalf of the Ministry of Justice. They are administered by a new National Probation Service (NPS) and 21 Community Rehabilitation Companies (CRCs).

The existing assets, liabilities and staff of the Trust were split between these entities in a practical way that reflects the services that each body provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

A Statutory Instrument to dissolve the Probation Trust, under section 5(1)(c) of the Offender

Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

A tender process is currently under way with a successful bidder(s) to take ownership of the CRCs starting from winter 2014–15. As part of the sale, the contracts will influence the operations of the CRCs ensuring continuity of services beyond this date. Services will continue to be commissioned by MoJ/NOMS under this arrangement.

As the functions previously provided by the Trust will continue to be provided by public sector entities and commissioned by the public sector when the CRC is in private ownership, the Accountable Officer with the support of senior management has concluded therefore that within the context of the Financial Reporting Manual (FRM), it is appropriate for the Trust to prepare the 2013–14 Annual Report and Accounts on a going concern basis.

1.5 Property, plant and equipment

Property, plant and equipment, including subsequent expenditure on existing assets, is initially recognised at cost and is restated at each Statement of Financial Position date using the Price Index Numbers for Current Cost Accounting (Office for National Statistics). The minimum level for capitalisation of a tangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

Where significant purchases of individual assets which are separately beneath the capitalisation threshold arise in connection with a single project they are treated as a grouped asset.

All land and building assets used by the Probation Trust are managed and owned centrally by NOMS and are recorded on their Statement of Financial Position. The cost of using those assets is included within **Note 6**, other expenditure under “accommodation, maintenance and utilities”. The charge to the Probation Trust does not represent the full cost incurred by NOMS.

Revaluation

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments in non-current assets (excluding donated assets). Gains on revaluation are credited to the revaluation reserve and shown

in other comprehensive expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to net operating costs in the SoCNE to the extent of the amount previously expensed, and any excess is credited to the revaluation reverse.

1.6 Depreciation

Non-current assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use.

Asset lives are currently in the following ranges:

Information technology	5 years depending on individual asset type
Plant and equipment	3 to 15 years depending on individual asset type
Vehicles	7 years depending on individual asset type
Furniture, fixtures and fittings	5 years depending on individual asset type

1.7 Impairment

All non-current assets are assessed annually for indications of impairment as at 31 March. Where indications of impairment exist, the asset value is tested for impairment by comparing the book value to the recoverable amount. In accordance with IAS 36 the recoverable amount is determined as the higher of the “fair value less costs to sell” and the “value in use”. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and written down to the recoverable amount and an impairment loss is recognised in the SoCNE. Any reversal of an impairment charge is recognised in the SoCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised in the SoCNE. The remaining amount is recognised in the Revaluation Reserve.

1.8 Intangible non-current assets

The Trust recognises intangible non-current assets only if it is probable that future service potential will flow to the Trust and the cost of the asset can be measured reliably. Intangibles comprise internally developed software for internal use, software developed by third parties and licenses for purchased software.

The minimum level for capitalisation of an intangible non-current asset is £5,000, inclusive of any irrecoverable VAT element, where appropriate.

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition. Internal staff costs are expensed to the SoCNE, as are those of contractors and interims undertaking ongoing roles that might otherwise be filled by civil servants. The costs of external consultants engaged on projects are capitalised where appropriate.

The useful lives of intangible assets are assessed to be finite. As there is no active market for these intangible assets, their fair value is assessed at re-valued amount less any accumulated amortisation and accumulated impairment losses.

The re-valued amount and indications of impairment are determined from an annual appraisal of the assets' underlying business case using discounted future economic benefits (cost savings). The net present value of the project is compared with the total current cost, and impaired accordingly.

Intangible assets are amortised using the straight-line method over their anticipated useful lives. The useful lives of the software range from 3 to 10 years. Licences are amortised over the length of the licence.

As there is no active market for these intangible assets, their fair value is assessed at the re-valued amount less any accumulated amortisation and accumulated.

Intangible assets are restated at each Statement of Financial Position date using Services Producer Price Index published by the Office for National Statistics.

1.9 Inventories

Stocks of stationery and other consumable stores are not considered material and are written off in the SoCNE as they are purchased.

1.10 Operating income

Income is accounted for applying the accruals convention and is recognised in the period in which services are provided.

Operating income is income that relates directly to the operating activities of the Probation Trust. This comprises income under the Trust's contract with NOMS for the provision of Probation Services, rent receivables, income from EU sources, income from other Trusts, from within the MoJ Group, from other Government Departments and miscellaneous income. Fees and charges for services are recovered on a full cost basis in accordance with the Treasury's Fees and Charges guide.

With effect from 1 April 2011, NOMS has confirmed that Trusts can now retain bank interest received. Trusts are no longer required to surrender this to HM Treasury via NOMS and MoJ.

1.11 Other Expenditure

In 2012–13 the SoCNE was analysed between administration and programme income and expenditure. The classification of expenditure and income for both Administration and Programme followed the definition set out in the FReM by HM Treasury. Administration costs reflect the costs of running the Probation Trust together with associated operating income. Programme costs are defined as projects which are fully or partially funded from outside the Ministry of Justice. However for 2013–14 all programme expenditure for both prior and current year is shown as Other Expenditures. All programme income for both prior and current year is shown within one classification. This change has been made for fairer presentation of the accounts. Further details are shown in **Note 3, Note 6 and Note 7.**

On consolidation into NOMS Agency Accounts, all expenditure and income is classified as programme, except the audit fee which is administration expenditure.

1.12 Pensions

Past and present employees are covered by the provisions of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme. Retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

The pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate (Disclosure of Stakeholder Pensions Schemes is not included in

these accounts). The last formal actuarial valuation was as at 31 March 2013.

The liability recognised in the SoFP in respect of defined benefit pension plans at the reporting date is the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates as advised by the scheme actuary.

Remeasurement gains and losses are recognised within Other Comprehensive Expenditure in the period in which they arise.

Where a central government entity has a share of a local government (or other) pension scheme liability on its statement of financial position, then that entity will use a discount rate determined by the appropriate authority (for example CIPFA or a qualified independent actuary) in valuing its share and not the rate advised annually by HM Treasury. The pension fund actuary has used roll forward estimated asset value figures in producing the IAS 19 pension liability and other disclosures.

1.13 Provisions

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when the Probation Trust has a present legal or constructive obligation, as a result of past events, for which it is probable or virtually certain that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

1.14 Value Added Tax

For the Probation Trust most of the activities are within the scope of VAT and, in general, output tax is charged and input tax on purchases is recoverable. Capitalised purchase cost of non-current assets are stated net of recoverable VAT. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.15 Corporation Tax

The Trust is a “corporate body” in accordance with the Offender Management Act 2007 supplying court work and offender management services to NOMS and the Ministry of Justice, and as a result, HMRC has confirmed that it is subject to corporation tax. The Trust is therefore subject to

Corporation Tax (CT) on its profits and ‘profit’ for this purpose means income and chargeable gains. These accounts include estimates of corporation tax liabilities.

1.16 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand, that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

1.17 Financial instruments

As the cash requirements of the Trust are met through the estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Trust’s expected purchase and usage requirements as well as cash, receivables and payables. Therefore it is felt that the Trust is exposed to little credit, liquidity or market risk.

1.18 Segmental analysis of spend as reported to the Management Board

The segmental analysis presents the financial information based on the structure reported to the Trust’s Management Board. The segments reflect the Trust’s own individual structure allowing the Board to have a clear view on the costs of front-line operations. This is in accordance with IFRS 8 Segmental Reporting. Further detail is shown in **Note 2**.

2. Statement of Operating Costs by Operating Segment

Information present to the Board is at overall Trust level and is not segmented.

3. Staff numbers and related costs

3a. Staff costs consist of:

	2013–14			2012–13
	Total	Permanently- employed staff	Others	Restated Total
	£000	£000	£000	£000
Wages and salaries	15,247	15,189	58	15,222
Social security costs	1,118	1,116	2	1,145
Other pension costs	3,206	3,200	6	2,643
Sub-total	19,571	19,505	66	19,010
Less recoveries in respect of outward secondments	(882)	(882)	0	(927)
Total staff costs	18,689	18,623	66	18,083

The Local Government Pension Scheme is a funded multi-employer defined benefit scheme. The Probation Trust's share of the underlying assets and liabilities are shown below in **Note 4**.

0 persons (2012–13: 2 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2012–13: £0).

3b. Average number of persons employed

The average number of full time equivalent persons (including senior management) employed during the year was as follows:

	2013–14		2012–13
	Total	Permanently- employed staff	Total
	£000	£000	£000
	484	479	492
	484	479	492

3c. Reporting of compensation schemes – exit packages

Exit packages cost band	2013–14			2012–13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	1	0	1	1	6	7
£25,000–£50,000	0	0	0	0	3	3
£50,000–£100,000	0	0	0	0	1	1
Total number of exit packages by type	1	0	1	1	10	11
Total resource cost £000	8	0	8	8	210	218

Redundancy and other departure costs have been paid in accordance with the Trust compensation scheme. The additional costs of any early retirements were met from the Trust and not the pension scheme and are included in the above figures. Ill health retirement costs were met from the pension scheme and are excluded from the above table.

The only compulsory redundancy in 2013–14 was as a result of a restructure of the Senior Management team.

4. Pensions costs

Pension benefits have been provided through the LGPS administered by South Yorkshire Pensions Authority. The provisions of the LGPS, which is a statutory and fully funded pension scheme, covers past and present employees and provides a pension based on a 'final salary' basis. Benefits accrued to a participating employee at the rate of one-eightieth of pensionable salary for each year of service. In addition to this annual pension entitlement, a lump sum, equivalent to three-eightieths of final pay for every year of total membership, is payable on retirement. The scheme is a multi entity pension administered by the LGPS whereby each participating employer is liable for their share of any pension deficits. The 31 March 2014 figures for the market value of assets and the split of assets between investment categories have been calculated as at 31 March 2014.

In determining the overall expected rate of return on plan assets, the Actuary has followed the method and approach as set out in professional guidelines. The assumptions are based on the 2013 valuation assumptions, other than stated financial assumptions. The actuary has used an investment return of 5.44% for the 2013–14 year. This was as advised by the administering authority of the Fund for the year to 31 March 2014, and is net of expenses.

The funding arrangements of the scheme comprise:

- Employees contributions;
- Employers contributions;
- Employers contribution towards any deficit; and
- Return on scheme assets.

A full actuarial valuation was carried out in 2013 by Mercer Limited. This set the organisations rate of contributions and funding requirements for three years. For 2013–14 employers contributions were 12.3% of salary plus £530,000. For April and May 2014 employer's contributions were 12.8% of salary plus two twelfths of £744,000 after which time the Trust ceased trading. The contribution rate reflects benefits as they accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Changes to the LGPS came into effect from 1 April 2014 and any benefits accrued from this date are based on a career average revalued salary with protections in place for those members who were part of the scheme before the changes were implemented. On 1 June 2014 the Trust's existing pension liabilities and corresponding assets transferred to Greater Manchester Pension Fund (GMPF). The Trust is no longer required to pay contributions to the fund as it has ceased trading. Future contributions are referred to in Note 27 Events occurring after the reporting period.

4a. Pension costs

For 2013–14, employers' contributions of £2,346,000 were payable to the LGPS (2012–13 £2,663,000 Restated). Future contributions are referred to in **Note 27**.

The approximate employer's pension contributions for 2013–14 and 2014–15 have been:

- 2013–14 12.3% of salaries; and £530,000.
- April and May 2014–15 12.8% of salaries; and two twelfths of £744,000 (after which time the Trust ceased trading).

Partnership accounts are excluded under IAS19.

4b. The major assumptions used by the actuary were:

	2013–14	2012–13
	%	%
Inflation assumption	2.4%	2.4%
Rate of increase in salaries	4.15%	4.2%
Rate of increase for pensions in payment and deferred pensions	2.4%	2.4%
Discount rate	4.4%	4.2%

The assumed life expectations from age 65 for retiring today are males 22.9 years and females 25.5 years; for those retiring in twenty years these would be males 25.2 years and females 28.3 years.

4c. Movements in the defined benefit obligation during the year

	2013–14		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	101,532	101,532
Funded liabilities	(130,358)	0	(130,358)
Unfunded liabilities	(2,782)	0	(2,782)
Opening balance at 1 April (restated)	(133,140)	101,532	(31,608)
Current service costs	(3,152)	(54)	(3,206)
	(3,152)	(54)	(3,206)
Net Interest (cost)/income	(5,502)	4,228	(1,274)
Remeasurements			
Returns on plan assets, excluding amounts included in interest cost/(income)	0	757	757
Gain/(loss) from change in demographic assumptions	(1,918)	0	(1,918)
Gain/(loss) from change in financial assumptions	8,282	0	8,282
Experience gains/(losses)	(2,484)	0	(2,484)
	3,880	757	4,637
Contributions			
Employers	0	2,346	2,346
Plan participants	(901)	901	0
Unfunded benefits	0	181	181
Payments from plans			
Benefit payments	4,991	(4,991)	0
Unfunded benefit payments	181	(181)	0
Closing balance at 31 March	(133,643)	104,719	(28,924)
Plan assets	0	104,719	104,719
Funded liabilities	(130,767)	0	(130,767)
Unfunded liabilities	(2,876)	0	(2,876)
Closing balance at 31 March	(133,643)	104,719	28,924

	2012–13 Restated		
	Present value of obligation	Fair value of plan assets	Total
	£000	£000	£000
Plan assets	0	89,488	89,488
Funded liabilities	(111,846)	0	(111,846)
Unfunded liabilities	(2,637)	0	(2,637)
Opening balance at 1 April	(114,483)	89,488	(24,995)
Current service costs	(2,577)	(55)	(2,632)
Past service costs (including curtailments)	(11)	0	(11)
	(2,588)	(55)	(2,643)
Net interest (cost)/income	(5,526)	4,372	(1,154)
Remeasurements			
Gain/(loss) from change in demographic assumptions	(1,270)	0	(1,270)
Gain/(loss) from change in financial assumptions	(12,652)	0	(12,652)
Experience gains/(losses)	0	8,260	8,260
	(13,922)	8,260	(5,662)
Contributions			
Employers	0	2,663	2,663
Plan participants	(901)	901	0
Unfunded benefits	0	183	183
Payments from plans			
Benefit payments	4,097	(4,097)	0
Unfunded benefit payments	183	(183)	0
Closing balance at 31 March	(133,140)	101,532	(31,608)
Plan assets	0	101,532	101,532
Funded liabilities	(130,358)	0	(130,358)
Unfunded liabilities	(2,782)	0	(2,782)
Closing balance at 31 March	(133,140)	101,532	(31,608)

4d. Plan assets are comprised as follows

	2013-14				2012-13			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
	£000	£000	£000		£000	£000	£000	
Equities	65	0	65	61.91	62	0	62	61.39
Government bonds	14	0	14	13.33	14	0	14	13.86
Other bonds	7	0	7	6.67	7	0	7	6.93
Property	10	0	10	9.52	9	0	9	8.91
Cash and cash equivalents	2	0	2	1.90	2	0	2	1.98
Other	0	7	7	6.67	0	7	7	6.93
Total	98	7	105	100.00	94	7	101	100.00

4e. Sensitivity analysis

	+0.1%	0%
	£000	£000
Adjustment to discount rate		
Present value of total obligation	(26,551)	(28,924)
Projected service cost	2,589	2,673

	+1yr	none
	£000	£000
Adjustment to mortality age rate assumption		
Present value of total obligation	(31,544)	(28,924)
Projected service cost	2,735	2,673

	+0.1%	0%
	£000	£000
Adjustment to inflation		
Present value of total obligation	(31,341)	(28,924)
Projected service cost	2,761	2,673

5. Taxation

	2013-14	2012-13
	£000	£000
UK corporation tax	233	30
Total	233	30

Probation Trusts were corporate bodies under the Offender Management Act 2007, supplying court work and offender management services to the Ministry of Justice. Probation Trusts were therefore subject to Corporation Tax on their profits and 'profit' for this purpose means income and chargeable gains.

Profit chargeable to Corporation Tax has increased significantly due to increased pension costs resulting in a higher Corporation Tax liability.

6. Other Expenditure

	2013-14		2012-13	
	£000	£000	£000	£000
Rentals under operating leases	67		61	
Accommodation, maintenance and utilities	1,909		1,964	
Travel, subsistence and hospitality	264		321	
Professional services	172		218	
IT services	935		926	
Communications, office supplies and services	356		311	
Other staff related	341		321	
Offender costs	328		178	
Other expenditure	1,105		1,084	
External Auditors' remuneration – statutory accounts	27		27	
Internal Auditors' remuneration	19		23	
		5,523		5,434
Non-cash items				
Depreciation of tangible non-cash assets	23		35	
Amortisation of intangible non-cash assets	3		4	
		26		39
Total		5,549		5,473

7. Income

Income receivable from the sponsoring department – NOMS
 Rent receivable from minor occupiers of Probation estate property:
 From external tenants

EU income from NOMS
 Other EU income
 Other income received from Probation Trusts
 Other income from NOMS
 Other income from other Government departments
 Miscellaneous income

Interest received:

 From bank
 From car loans

Total interest received

Total income

	2013-14		2012-13	
	£000	£000	£000	£000
	22,498		23,240	
	55		59	
		22,553		23,299
		300		0
		0		131
		21		3
		5		95
		397		137
		301		199
		23,577		23,864
	3		3	
	2		3	
		5		6
		23,582		23,870

8. Property, plant and equipment

	2013–14		
	Information technology	Plant and machinery	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2013	59	220	279
Indexation/revaluation	0	6	6
As at 31 March 2014	59	226	285
Depreciation			
As at 1 April 2013	41	201	242
Charge in year	10	13	23
Indexation/revaluation	0	3	3
As at 31 March 2014	51	217	268
Carrying value as at 31 March 2014	8	9	17
Carrying value as at 31 March 2013	18	19	37
Asset financing			
Owned	8	9	17
Carrying value as at 31 March 2014	8	9	17

	2012–13		
	Information technology	Plant and machinery	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2012	52	275	327
Disposals	0	(62)	(62)
Indexation/revaluation	7	7	14
As at 31 March 2013	59	220	279
Depreciation			
As at 1 April 2012	26	228	254
Charge in year	10	25	35
Disposals	0	(58)	(58)
Indexation/revaluation	5	6	11
As at 31 March 2013	41	201	242
Carrying value as at 31 March 2013	18	19	37
Carrying value as at 31 March 2012	26	47	73
Asset financing			
Owned	18	19	37
Carrying value as at 31 March 2013	18	19	37

9. Intangible assets

	2013–14		
	Development	Software	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2013	14	6	20
As at 31 March 2014	14	6	20
Amortisation			
As at 1 April 2013	9	5	14
Charge in year	3	0	3
As at 31 March 2014	12	5	17
Carrying value as at 31 March 2014	2	1	3
Carrying value as at 31 March 2013	5	1	6
Asset financing			
Owned	2	1	3
Carrying value as at 31 March 2014	2	1	3

	2012–13		
	Development	Software	Total
	£000	£000	£000
Cost or valuation			
As at 1 April 2012	14	6	20
As at 31 March 2013	14	6	20
Amortisation			
As at 1 April 2012	6	4	10
Charge in year	3	1	4
As at 31 March 2013	9	5	14
Carrying value as at 31 March 2013	5	1	6
Carrying value as at 31 March 2012	8	2	10
Asset financing			
Owned	5	1	6
Carrying value as at 31 March 2013	5	1	6

10. Impairments

There were no impairments in the year 2013–14 or previous financial year 2012–13.

11. Assets held for sale

There were no assets held for sale during the year 2013–14 or previous financial year 2012–13.

12. Trade receivables and other current assets

12a. Analysis by type

	2013–14 £000	2012–13 £000
Amounts falling due within one year		
Trade receivables	145	150
Deposits and advances	22	26
Receivables due from Trusts	4	7
Receivables, Accrued Income and Prepayments due from NOMS Agency	562	1,992
Receivables, Accrued Income and Prepayments due from Other HM Government	143	41
Prepayments	64	72
Accrued income	0	64
	940	2,352
Amounts falling due after more than one year		
Trade receivables		
Deposits and advances	0	13
Other receivables	2	0
	2	13
Total	942	2,365

12b. Intra-Government receivables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14 £000	2012–13 £000	2013–14 £000	2012–13 £000
Balances with other central Government bodies (inc. parent department)	569	2,015	0	0
Balances with local authorities	98	32	0	0
Balances with NHS bodies	42	0	0	0
	709	2,047	0	0
Balances with bodies external to Government	231	305	2	13
Total	940	2,352	2	13

13. Cash and cash equivalents

	2013–14 £000	2012–13 £000
Balance at 1 April	113	106
Net change in cash and cash equivalents	176	7
Balance at 31 March	289	113
The following balances at 31 March are held at:		
Commercial banks and cash in hand	289	113
Balance at 31 March	289	113

14. Trade payables and other current liabilities

14a. Analysis by type

	2013–14	2012–13
	£000	£000
Amounts falling due within one year (excluding taxation)		
Trade payables	121	319
Other payables	3	11
Accruals	438	547
Deferred income	0	248
Staff payables	1	405
Payables due to Probation Trusts	0	1
Payables, Accruals and Deferred Income due to NOMS Agency	132	262
Payables, Accruals and Deferred Income due to MoJ Group	8	0
Payables, Accruals and Deferred Income due to Other HM Government	40	11
Unpaid pensions contributions due to the pensions scheme	331	15
	1,074	1,819
Tax falling due within one year		
VAT	410	1,035
Corporation tax	262	30
Other taxation and social security	417	342
	1,089	1,407
Total amounts falling due within one year	2,163	3,226
Total	2,163	3,226

14b. Intra-Government payables

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013–14	2012–13	2013–14	2012–13
	£000	£000	£000	£000
Balances with other central Government bodies (inc. parent department)	1245	1,672	0	0
Balances with local authorities	6	3	0	0
Balances with NHS bodies	18	6	0	0
	1,269	1,681	0	0
Balances with bodies external to Government	894	1,545	0	0
Total	2,163	3,226	0	0

15. Provisions for liabilities and charges

There were no provisions at the reporting date (2012–13 – £0).

16. Capital commitments

There were no capital commitments at the reporting date or at 31 March 2013.

17. Commitments under lease

The Trust had no finance or operating lease commitments for 2013–14 or financial year 2012–13.

18. Other financial commitments

The Trust had not entered into any other financial commitments in 2013–14 or 2012–13.

19. Deferred tax asset

The Trust had no deferred tax in 2013–14 or financial year 2012–13.

20. Financial instruments

As the cash requirements of the Trust were met through the Estimates process, financial instruments played a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Trust's expected purchase and usage requirements as well as cash, receivables and payables. Therefore it is felt that the Trust was exposed to little credit, liquidity or market risk.

21. Contingent liabilities

There is one possible contingent liability claim against the Trust of £13k relating to a legal case regarding reputational damages to an offender and where there remains uncertainty that a loss of economic benefit will arise (2012–13 – £0). There were no cases where a loss of economic benefit was probable.

22. Losses and special payments

22a. Losses statement

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Cash losses	4	1	4	7
Total	4	1	4	7

22b. Special payments schedule

	2013–14		2012–13	
	Number of cases	Total value £000	Number of cases	Total value £000
Special payments	2	1	1	1
Total	2	1	1	1

23. General fund

	2013–14 £000	2012–13 £000
Balance at 1 April	(32,344)	(25,812)
Net transfers from Operating Activities:		
Statement of Comprehensive Net Expenditure	(2,163)	(870)
Actuarial gains and losses	4,637	(5,662)
Balance at 31 March	(29,870)	(32,344)

24. Revaluation reserve

24a. Property, plant and equipment

	2013–14 £000	2012–13 £000
Balance at 1 April	31	28
Arising on revaluations of PPE during the year (net)	3	3
Balance at 31 March	34	31

24b. Intangibles

Nil.

25. Related party transactions

NOMS and the MoJ were regarded as a related party. During the year, the Trust had various material transactions with NOMS and the MoJ. Additionally, the Trust had transactions with other Trusts', other government bodies and third party organisations.

During the year, none of the members of the Management Board, members of key management staff or other related parties, or their related parties had undertaken any material transactions with the Trust.

26. Third-party assets

There were no third-party assets held by the Trust in 2013–14 or 2012–13.

27. Events occurring after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period were considered up to the date on which the accounts were authorised for issue. This is interpreted as the date of the Audit Certificate of the Comptroller and Auditor General.

As at the date of the Audit Certificate, the following reportable events had occurred.

Dissolution of the Trust

The Trust ceased trading on 1 June 2014. A Statutory Instrument to dissolve the Trust, under section 5(1) (c) of the Offender Management Act 2007, will be made by the Secretary of State for Justice subject to the negative resolution procedure.

The operations of the Trust have been divided between the National Probation Service and a Community Rehabilitation Company, both public sector entities. MoJ/NOMS has committed to ensuring all services will continue under the new structure, using the same assets and resources, for the foreseeable future.

On 1 June 2014 a Transfer Order effected the transfer of existing assets, liabilities and staff of the Trust to the NPS and CRC public sector bodies in a practical way that reflects the services that each provides. Some assets and liabilities remained in the Trust to be settled as soon as practically possible.

A tender process is currently under way with a successful bidder to take ownership of the CRC in winter 2014–15.

The Accountable Officer with the support of senior management has concluded that there is no further impact on the financial statements other than those referred to in **Note 1.4**.

Basis of allocation of balances after the Trust ceased trading on 1 June 2014

On 1 June 2014, the assets and liabilities of the Probation Trust were allocated between the NPS and CRC as follows:

Pensions

On 1 June 2014 the Trust's existing pension liabilities and corresponding assets were transferred to the Greater Manchester Pension Fund (GMPF).

The Trust is no longer required to pay employer contributions to the fund.

The responsibility for funding the past service liabilities and all future contributions associated with those original employees who are active members of the LGPS have transferred with the employee to the new employer (the CRC or the NPS) as referred to in **Note 1.4**. The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date the employees transferred to the CRC.

The Secretary of State for Justice has provided a guarantee to the GMPF in respect of the CRCs' participation in the GMPF for pension liabilities that transfer to the CRCs.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS have transferred to the NPS under the Secretary of State for Justice.

Leases and service contracts

Property and IT leases remain within the Ministry of Justice.

All other service contracts have been novated to the relevant entity based on where the services of that contract will be provided. Where the services are shared by both entities, the contract will in most cases be novated to the majority user.

Staff related balances

All staff related balances, not settled by the Trust shortly after 1 June 2014, have been allocated to the relevant entity each member is transferred.

All other balances

Existing debtors and creditors that remain within the Trust are to be settled from existing funds.

All other balances have been allocated on a practical basis taking in to account future use, staff member allocation and services provided by that entity.

Where an asset, liability or service is utilised by both entities it will likely remain within the NPS/NOMS.

The finalisation of the split of assets and liabilities has not been completed as at the date of this report. Therefore financial information is not available.

28. Prior period adjustments

IAS 19 *Employee Benefits* (Revised 2011)

In the current year, the Trust had applied the 2011 amendments to IAS 19 *Employee Benefits* (revised 2011), which are mandatory for accounting periods beginning on or after 1 January 2013. The standard requires retrospective application, which has resulted in a prior period adjustment. The prior period comparatives have been restated accordingly.

The amendments relevant to the Trust are:

The interest cost and expected return on plan assets are replaced with 'net interest', which is calculated by applying the same discount rate to the net defined benefit liability/(asset). Retrospective application has had an impact on the amounts recognised in profit or loss and other comprehensive income in 2012–13. The net assets and liabilities are unchanged.

Specific transitional provisions are applied to first time application of IAS 19 (revised 2011). The Trust has applied the relevant transitional provisions and restated the comparative figures.

Impact on total comprehensive expenditure for the year of application of IAS 19 Extract from the Statement of Comprehensive Net Expenditure

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
Net operating expenditure after taxation	193
Other comprehensive expenditure	6,336
Total comprehensive expenditure	6,529
Restatement:	
Increase in programme expenditure (interest costs)	677
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(677)
	0
Extract from the 2012–13 accounts after restatement:	
Net operating expenditure after taxation	870
Other comprehensive expenditure	5,659
Total comprehensive expenditure	6,529

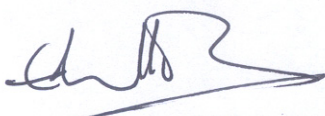
Extract from the Statement of Changes in Taxpayers' Equity

	2012–13
Extract from the 2012–13 accounts before restatement:	£000
General fund balance as at 31 March 2013	32,344
Restatement:	
Increase in net operating expenditure	677
Decrease in remeasurement of defined benefit obligation (previously actuarial loss)	(677)
General fund balance as at 31 March 2013 after restatement	32,344

Accounts Direction

ACCOUNTS OF LOCAL PROBATION TRUSTS IN ENGLAND AND WALES
ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH
PARAGRAPHS 13(1) and 14(2) OF SCHEDULE 1 TO THE OFFENDER MANAGEMENT ACT 2007

1. This direction applies to the Local Probation Trusts (the Trusts) listed in the attached Appendix 1.
2. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2014 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual (“the FReM”) issued by HM Treasury and which is in force for the relevant financial year.
3. The accounts shall be prepared so as to:
 - give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the comprehensive net expenditure, changes in taxpayers’ equity and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
 - provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with NOMS Agency finance team and HM Treasury.
5. Additionally the Trusts shall be required to comply with all Probation Communication Notices to the extent that they build on the requirement of the FReM subject to the directions in paragraph 4.
6. This direction supersedes that provided by the Secretary of State to Probation Trusts dated 6 March 2013.



Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice
18 February 2014

Appendix 1

35 Probation Trusts:

Avon and Somerset
Bedfordshire
Cambridgeshire and Peterborough
Cheshire
Cumbria
Derbyshire
Devon and Cornwall
Dorset
Durham Tees Valley
Essex
Gloucestershire
Greater Manchester
Hampshire
Hertfordshire
Humberside
Kent
Lancashire
Leicestershire and Rutland
Lincolnshire
London
Merseyside
Norfolk and Suffolk
Northamptonshire
Northumbria
Nottinghamshire
South Yorkshire
Staffordshire and West Midlands
Surrey and Sussex
Thames Valley
Wales
Warwickshire
West Mercia
West Yorkshire
Wiltshire
York and North Yorkshire

8. Sustainability report

(Not subject to audit)

Introduction

This is the third Sustainability Report for South Yorkshire Probation Trust, prepared in accordance with 2011–2012 guidelines laid down by HM Treasury in ‘Public Sector Annual Reports: Sustainability Reporting’ published at: www.hm-treasury.gov.uk/frem_sustainability.htm. Sustainability focus is on achieving government targets, reducing environmental impact and reducing costs. Priorities include reducing carbon emissions, water consumption and waste to landfill.

This report covers 8 buildings occupied by SYPT.

Shared occupations were not accounted for due to the limitations of extrapolating reliable sustainability data from service charges supplied by landlords. In addition, HM Courts and Tribunals Service was obliged to supply office space free of charge to probation trusts. As these were modest in size there is little, if any, benefit from isolating their sustainability data. We do not consider that the exclusion of these areas has a material impact on sustainability reporting for the Trust as a whole.

Governance, responsibilities and internal assurance

Overall governance and assurance was managed by the Ministry of Justice Sustainable Development Team (MoJ SDT). The probation estate was managed by facilities contractors, acting on behalf of MoJ, who managed day to day estate operations including voluntary and mandated sustainability reporting. There were some limitations to the accuracy of our financial and non-financial sustainability data and we continued to improve the quality of our internal controls, for example through internal audit.

Greening Government Commitments

The Greening Government Commitments launched on 1 April 2011 require Departments, including probation trusts, to take action to significantly reduce environmental impact by 2014–2015 (compared to a 2009–2010 baseline). These commitments can be found at: <http://sd.defra.gov.uk/gov/green-government/commitments/>.

Climate change adaption and mitigation

The MoJ SDT has drafted a Statement for Climate Change Adaptation and set their built and non-built estate challenging objectives as follows:

- To enable the MoJ estate to evaluate risks to its strategy for programme delivery on vulnerable flood plains and evaluate its baseline for future adaptation of its targets and actions against climate change
- To enable the MoJ estate to prioritise its management of high risk sites and where necessary divert and recalculate important and fragile resources where they are vital to operational delivery
- To identify where stakeholders and central partners need to act to facilitate further or additional actions to protect against climate change
- To establish a strategic process by which MoJ can put in place measures necessary to adapt to future climate change.

Carbon Reduction Commitment (CRC)

CRC was managed by MoJ and associated carbon allowances were accrued by MoJ Corporate Estates.

Carbon Management Plan (CMP)

A CMP is a systematic approach to reducing greenhouse gas emissions; integrating technical, financial, corporate governance and communications within an overarching strategy. A CMP covered the entire probation estate across 35 Trusts and was developed in partnership with the Carbon Trust. MoJ SDT was working to consolidate all CMPs, including those in place in the Prison Service and Courts and Tribunals to deliver a single cohesive approach with costed projects for each unit to provide an overarching framework to tackle climate change.

Our vision was to:

- be a low carbon business in which carbon management and sustainability were embedded within decision making,
- engage stakeholders and demonstrate best practice in meeting corporate sustainability targets.

The plan and statements were kept under review and were open to amendment in order to facilitate a continued improvement in meeting statutory obligations for climate change adaptation and reporting.

Environmental Management System (EMS)

MoJ SDT had an ongoing EMS implementation programme, and was looking to develop a more streamlined EMS that fully met the requirements while reducing resource impacts on front line services.

Sustainable procurement

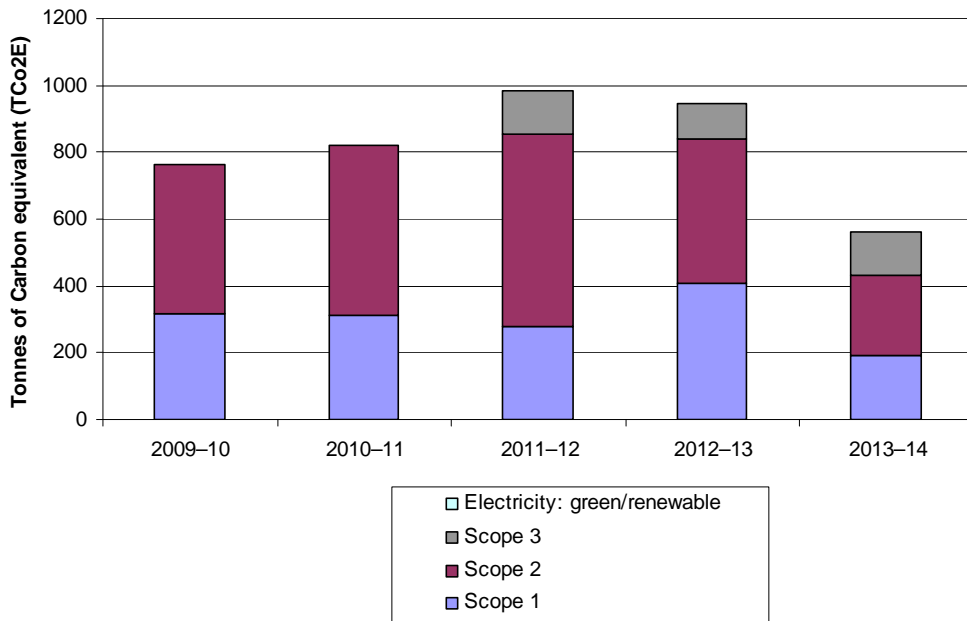
South Yorkshire Probation Trust had access to purchasing agreements for commodities from suppliers that made available recycled and low carbon products where appropriate.

Performance summary

Greenhouse gas (GHG) emissions

		2009–10	2010–11	2011–12	2012–13	2013–14
Non-financial indicators (tCO ₂ e)	Scope 1 (direct): Site-based emissions and owned transport	316	313	279	406	190
	Scope 2 (indirect): Supplied energy (electricity and heat)	449	508	575	432	243
	Scope 3 (other indirect): Business travel and transmission losses from supplied energy	0	0	129.8	106.9	128.0
	Total gross GHG emissions	765	821	983.3	944.9	561
	Electricity: green/renewable					
	Total net GHG emissions	765	821	983.3	944.9	561
Non-financial (kWh)	Electricity: Grid, CHP and non-renewable	632,274	787,639	891,636	670,613	708,343
	Electricity: renewable	210,758	262,546	297,212	223,538	-
	Gas	1,705,368	1,688,819	1,504,188	2,194,662	1,032,663
	Other energy sources					
	Total energy	2,548,400	2,739,004	2,693,036	3,088,813	1,741,006
Financial indicators	Expenditure on energy (£)	133,614	126,903	144,233	159,243	126,647
	Expenditure on official business travel (£)				243,600	216,022

Greenhouse Gas Emissions by source



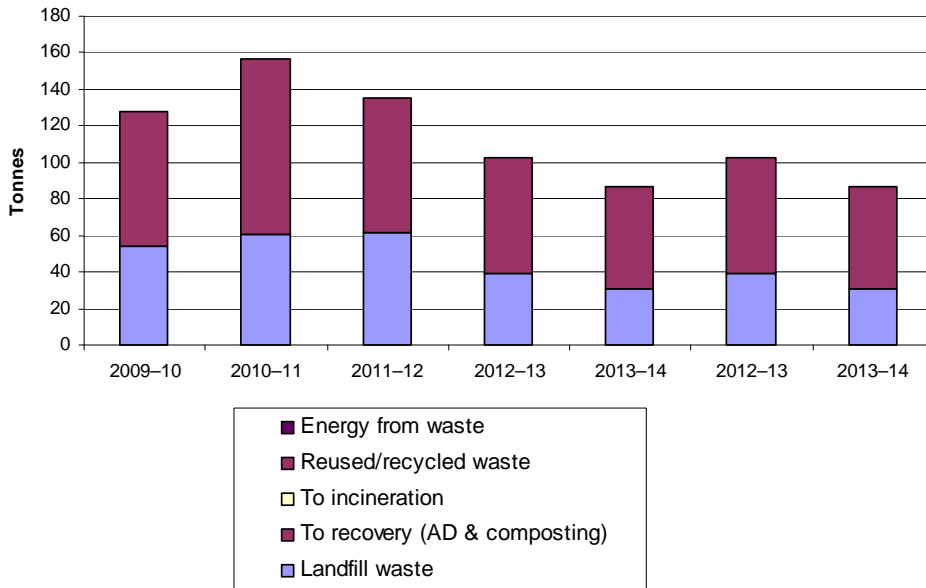
Target

GGC required us to reduce our greenhouse gas emissions from the 2009/10 baseline.

Waste

			2009-10	2010-11	2011-12	2012-13	2013-14
Non-financial indicators (tonnes)	Non-hazardous waste	Landfill waste	54	61	62	39	31
		To recovery (AD and composting)					
		To incineration					
		Reused/recycled waste	74	96	73	64	56
Total waste arising			128	157	135	103	87
Financial indicators	Non-hazardous waste	Landfill waste	4,337	4,898	4,949	3,127	2,474
		To recovery (AD and composting)					
		To incineration					
		Reused/recycled waste	11,065	13,633	7,209	6,334	5,530
Total waste costs (£)			15,402	18,531	12,158	9,461	8,004

Waste by final disposal



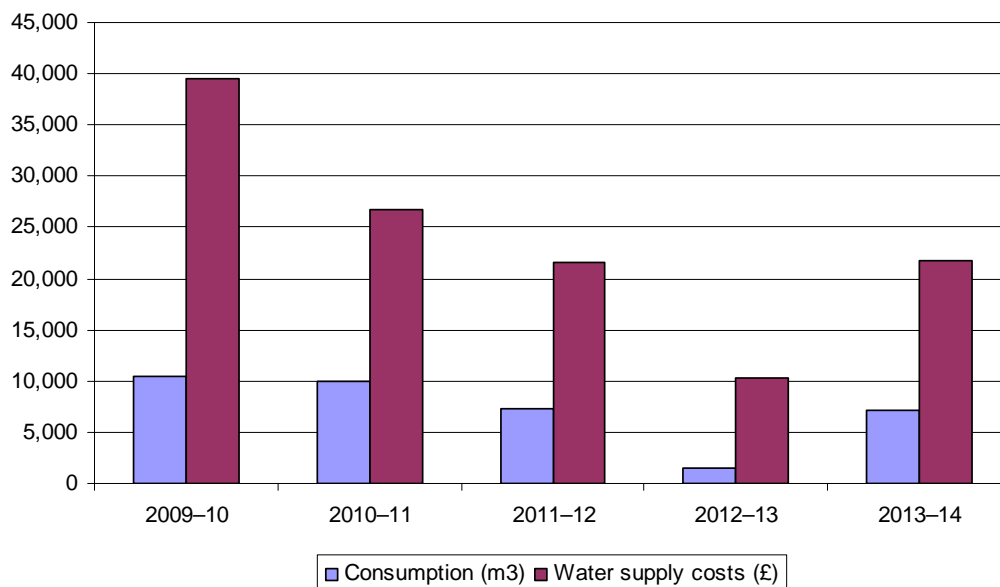
Target

The Trust had an action to work towards a paper light office in at least one Local Delivery Unit within its 2013–14 Business plan.

Water

		2009-10	2010-11	2011-12	2012-13	2013-14
Non-financial indicators	Total water consumption (cubic metres: m³)	10,492	9,982	7,307	1,529	7,148
Financial indicators	Total water supply costs (£)	39,530	26,737	21,646	10,296	21,695

Water (Consumption and cost)



Target

The Trust had an action to reduce the consumption of utilities in SYPT buildings across the county within its 2013–14 Business plan.

Paper

	2009–10	2010–11	2011–12	2012–13	2013–14
Cost (excluding VAT)				20,852	21,631

Glossary

SYPT	–	South Yorkshire Probation Trust
OMI	–	Offender Management Inspection
NOMS	–	National Offender Management Service
PTRS	–	Probation Trust Rating System
PCC	–	Police and Crime Commissioner
UPW	–	Unpaid Work
IDAP	–	Integrated Domestic Abuse Programme
CAFCASS	–	Children and Family Court Advisory and Support Service
LDU	–	Local Delivery Unit
BME	–	Black and Minority Ethnic
TQMG	–	Trust Quality Management Group
DRR	–	Drug Rehabilitation Requirement
TRP	–	Transforming Rehabilitation Programme
CIP	–	Continuous Improvement Programme
HMIP	–	Her Majesty’s Inspector of Probation
YJS	–	Youth Justice Service
RJ	–	Restorative Justice
MAPPA	–	Multi-Agency Public Protection Arrangements
FReM	–	Financial Reporting Manual
NDC	–	National Data Centre
NDPB	–	Non-Departmental Public Body
HMT	–	HM Treasury
ICO	–	Information Commissioner’s Office
DCLG	–	Department of Communities and Local Government
MoJ	–	Ministry of Justice
SFO	–	Serious Further Offences
GSI	–	Government Secure Intranet
ISF	–	Information Security Forum
LGPS	–	Local Government Pension Scheme
GGC	–	Greening Government Commitments

Annex

Probation Trust Rating System – PTRS

OM41 – MAPPA Effectiveness (3 components)

- **SMB Attendance** – The percentage attendance at MAPPA Strategic Management Board by Probation Trusts. (Requires one member of Trust to attend.)
- **VISOR Form20 Match** – The percentage number of Category 2 MAPPA Offenders managed at Level 2/3 that are recorded on Crams are also recorded on VISOR.
- **Level 23 Attendance** – The percentage number of attendance at MAPPA Level 2 and 3 meetings by Probation Trust where the Probation Trust is invited they are represented.

OM26 – Oasys QA – Oasys Quality Assurance

The percentage number of Oasys Assessments completed by Staff in the previous quarter that were assessed as Good or Sufficient. This figure only included Barnsley and Sheffield. Doncaster and Rotherham were excluded under the Reflective Supervision Model.

OM32 – Victim Feedback

The percentage number of victims that were satisfied with the level of service provided by SYPT. This was a survey distributed to victims following their contact with SYPT.

OMI 2 Risk of Harm

This was an OMI Inspection Measure. Sample of files read in April 2012 and measured against set criteria. This was the risk of harm measure.

OM21 Reduce Re-offending

The percentage difference between the predicted rate of re-offending in SYPT and the actual number of offenders re-offending.

INT09 – Employment at Termination

The percentage number of offenders in suitable employment at the end of their order/licence. Measured through assessment which the offender manager completes on Oasys.

OM17 – Accommodation at Termination

The percentage number of offenders in settled/stable accommodation at the end of their order/licence. Measured through assessment which the offender manager completes on Oasys.

OMI 2 Likelihood of Re-offending

This was an OMI Inspection Measure. Sample of files read in April 2012 and measured against set criteria. This was the likelihood of re-offending measure.

OMI 2 Interventions

This was an OMI Inspection Measure. Sample of files read in April 2012 and measured against set criteria. This was the interventions measure.

OM20 – Order and Licence Successfully Completed

Percentage number of offenders that complete their order or licence successfully, i.e. fully complete or returned to Court for good progress.

OM29 – Offender Feedback

The percentage number of offenders who are satisfied with the level of service received from the Probation Trust. Snapshot survey completed on offenders, completed each year for a period of 2 weeks each year.

OMI 2 Assessment and Sentence Planning

This was an OMI Inspection Measure. Sample of files read in April 2012 and measured against set criteria. This was the Assessment and Sentence measure.

OMI 2 Enforcement and Compliance

This was an OMI Inspection Measure. Sample of files read in April 2012 and measured against set criteria. This was the Enforcement and Compliance Measure.

Public Protection, Reduce Re-offending and Sentence Delivery

These were the 3 domains in PTRS and the overall rating that was determined by the results of the metrics above that fell in to those domains. Ratings that can be given were between 1 and 4 with 1 being the lowest and 4 being the highest. A Trust could only receive a 4 if they were in the top 5 in England and Wales.

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